



DEPARTMENT OF COMMERCE AND INSURANCE

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Tennessee.gov/commerce

Paula A. Flowers, Commissioner

D. Scott White, Deputy Commissioner

This agency bears the complex responsibility of protecting the interests of consumers while providing fair, efficient oversight and a level field of competition for a broad array of industries and professionals doing business in Tennessee.

The Division of Consumer Affairs, in concert with other state and federal agencies, is charged with the enforcement of the Tennessee Consumer Protection Act. The division mediates or otherwise resolves more than six thousand consumer complaints per year and coordinates the department's consumer education efforts.

The Division of Insurance regulates the 1,600 insurance companies and 90,000 agents that contribute more than \$14 billion dollars to the state's economy.

The Securities Division licenses investment brokers and dealers and investigates fraud.

The TennCare Oversight Division monitors the financial condition and operational and claims payment practices of the health maintenance organizations (HMOs), behavioral health organizations (BHOs) and third party administrators (TPAs) that contract to provide services to TennCare enrollees.

The Division of Fire Prevention includes the state's building and safety codes enforcement operations, arson and explosives investigations, and offers training for volunteer and career firefighters and codes officials through the state's Fire Service and Codes Enforcement Academy.

The Division of Regulatory Boards houses twenty-two boards and commissions that enforce professional standards of conduct and statutory mandates for industries ranging from architecture and engineering to contracting, cosmetology, and accounting.

Administratively attached entities include the Commission on Firefighting Personnel and Standards Education, which sets criteria for standards for fire service personnel, and the Emergency Communications Board.

As a by-product of this wide range of professional services, the Department of Commerce and Insurance collected more than \$487 million in fees and premium taxes in fiscal year 2003-04. The department's total operating budget for that fiscal year was less than \$80 million.

History

In 1878, the Tennessee General Assembly recognized the need for consumer protection and insurance regulation by creating the Bureau of Insurance with the state treasurer acting as insurance commissioner. In 1913, a separate Department of Insurance was formed under the direction of a commissioner, who became an officer in the governor's Cabinet. The Fire Prevention Division was added in 1937, and, to reflect its expanded role in business regulation and consumer protection, the State Insurance Department became the Department of Commerce and Insurance in 1983.

Services

Consumer Affairs Division — Created by the General Assembly in 1977, the division's mission is to protect Tennessee consumers from deceptive business practices.

Consumer Affairs acts both as an intermediary for consumers and businesses and as a primary source of consumer education and information. The division takes a proactive approach toward preventing consumer fraud but also investigates claims and refers cases to the state attorney general, who may take action against a person or business violating the Tennessee Consumer Protection Act.

During calendar years 1998 through 2002, the division addressed more than 28,000 written complaints and formal actions that resulted in consumers recovering more than \$19 million. In addition to those formal actions, the division mediates thousands of consumer complaints each year. In 2005, the Division began the Contractor/Homeowner Accountability and Mediation Program (CHAMP), which mediates complaints filed with the Board of Licensing Contractors and the Home Improvement Commission.

Tennesseans can contact Consumer Affairs at (800) 342-8385 or (615) 741-4737. The division maintains a consumer-friendly web site with an on-line complaint form at Tennessee.gov/consumer.

Fire Prevention Division — The Commissioner of Commerce and Insurance also serves as the State Fire Marshal. Day-to-day operations of the Fire Prevention Division are the responsibility of an assistant commissioner.

Administrative Services Section. This section coordinates the state's public fire education efforts, administers the certification program for fire and building code inspectors, collects and disseminates fire data from throughout the state, and issues permits and licenses required by statute.

Bomb and Arson Section. As the law enforcement arm of the division, this section works with local, state, and federal law enforcement to investigate incidents of arson and criminal misuse of explosives. Persons with information about incendiary fires are urged to call the Arson Hotline at (800) 762-3017.

Codes Enforcement Section. Most new construction plans are required to be reviewed, approved, and inspected by this section. The section also inspects schools, day care facilities, residential mental health and mental retardation facilities, propane gas dealerships, and fireworks establishments. In addition, blasting incidents are reported to and investigated by this section. Modular buildings, manufactured homes, and recreational vehicles are regulated by this section.

Electrical Inspection Section. With an average of 108 electrical inspectors statewide, this section performs residential, commercial, and industrial inspections of new and existing structures while assisting county and municipal officials with large commercial and industrial installations.

Fire Service and Codes Enforcement Academy. This educational facility is designed to train volunteer and career firefighters, codes enforcement personnel, and others involved in the delivery of emergency services throughout Tennessee.

Insurance Division — Headed by an assistant commissioner, this division is responsible for enforcing the state's insurance laws.

Actuarial Section. This section reviews approximately eighteen thousand life, credit life, and accident and health insurance policy form changes annually and approves changes in those policies. This office is also responsible for regulating property and casualty insurance premium rates to ensure that rates are not excessive, inadequate, or unfairly discriminatory. This section reviews rate, rule, and policy

form filings by licensed insurance companies to assure compliance with applicable statutes and rules as interpreted by the department. Approximately four thousand filings are processed each year.

Agent Licensing. This office is responsible for the licensing and regulation of approximately 90,000 insurance producers licensed to do business in Tennessee. It also regulates approximately 325 approved continuing insurance education providers.

Financial Affairs Section. This section regulates the formation, admission, operation, and examination of life, accident and health, property, casualty, title, and captive companies, health maintenance organizations, governmental pools, and risk retention groups. The duties of this section include review and analysis of financial statements, receipt of required reports and premium taxes, and the performance of detailed company financial examinations. This section also reviews and approves both individual and group self-insurance proposals. Further responsibilities include the licensing and review of automobile clubs and agents, and surplus lines agents, and the regulation of workers' compensation insurance.

Consumer Insurance Services Section. Through this office, insurance consumers have access to mediation services to help resolve insurance-related disputes. The section also works in conjunction with the Division of Consumer Affairs to educate consumers about insurance issues. Complaints, questions or concerns regarding insurance companies or practices can be emailed to cis.complaints@state.tn.us or faxed to 615-532-7389. Tennesseans can call the division at (800) 342-4029 or (615) 741-2218.

Securities Division — Responsible for enforcing the 1980 Tennessee Securities Act, this division helps protect Tennessee investors by maintaining the integrity of capital markets. The division provides three principal areas of regulation.

Securities Registration. This section registers all nonexempt securities, reviews applications for exempt securities that require a filing fee and receives notice filings for covered securities to be sold in the state. Applications and notices are processed and examined for compliance with federal and state securities registration laws and rules.

Broker-Dealer, Agent, Investment Adviser Registration. This section registers broker-dealers (securities firms), registered representatives (salespersons), investment advisers and investment adviser representatives to do business in the state and receives notice filings for federally registered investment advisers. There are over 1,500 broker-dealers, 150 investment advisers, and 73,000 securities agents registered through this section. Over 900 federally registered investment advisers are notice filed through this section.

Enforcement. This office is responsible for the enforcement of the Tennessee Securities Act of 1980. This section investigates complaints filed with the Division to determine whether violations have occurred. Complaints investigated by the Section may result in the filing of an administrative action against registered or nonregistered parties, the initiation of an injunctive action in chancery court, and/or a criminal referral to the attorney general or the appropriate district attorney general.

For information about a brokerage firm, investment adviser, or stockbroker, to file a complaint, or to inquire about any other services of the Securities Division, call (615) 741-2947 in Nashville or (800) 863-9117 anywhere in Tennessee.

TennCare Oversight — This division is responsible for ensuring the financial responsibility, stability and integrity of operations of the HMOs, BHOs and TPAs that contract with the TennCare Program through oversight, examination, and monitoring. The responsibilities of this division include reviewing and analyzing financial status, market conduct activities, and compliance with federal and state

laws, rules, and regulations as they apply to the TennCare Program HMO, BHO and TPA operations. The division also supports the Selection Panel for TennCare Reviewers, and administers the independent review of provider claims denials. Contact the division at (615) 741-2677.

Regulatory Boards Division — This division licenses and regulates several hundred thousand Tennesseans in their professions and businesses through 22 boards and commissions. These entities are empowered to take disciplinary action—including revocation of licenses and assignment of civil penalties—against license-holders found guilty of violating laws governing their professions. Created by statute in 1959 and headed by an assistant commissioner, the division has a separate investigations unit.

Regulatory Boards and Commissions

The Commissioner of Commerce and Insurance appoints the members of the Advisory Board on Professional Boxing, the Private Protective Services Advisory Committee, and the Cemetery Advisory Board. All other appointments are made by the governor.

Administration (615) 741-3449	Motor Vehicle Commission (615) 741-2711
State Board of Accountancy (615) 741-2550	Board of Pharmacy (615) 741-2718
Board of Architectural & Engineering Examiners (615) 741-3221	Employee Leasing Program (615) 253-1199
Auctioneer Commission (615) 741-3236	Professional Boxing and Automobile Racing Program (615) 741-2384
Board of Barber Examiners (615) 741-2294	Tennessee Real Estate Commission (615) 741-2273
Board for Licensing Contractors (615) 741-8307	Real Estate Appraiser Commission (615) 741-1831
Collection Services Board (615) 741-1741	Private Protective Services Program (615) 741-6382
Cosmetology Board (615) 741-2515	Geology Registration Section (615) 741-3611
Board of Funeral Directors and Embalmers (615) 741-2378	Private Investigators/Polygraph Commission (615) 741-4827
Burial Services/Cemetery Program (615) 741-2378	Alarm System Contractors Board (615) 741-9771
Home Improvement Commission (615) 741-8307	Private Probation Services Council (615) 253-1199
Board of Examiners for Land Surveyors (615) 741-3611	

The following commissions are administratively attached to the Department of Commerce and Insurance:

Tennessee Commission on Firefighting Personnel and Standards Education — Separate from the Division of Regulatory Boards but part of the Department of Commerce and Insurance, this commission sets criteria for standards of performance, courses of instruction and training, and procedures for certifying levels of achievement for fire service personnel throughout the state. It is also responsible for administering the supplemental pay plan for firefighters.

Tennessee Emergency Communications Board (E-911) — Created by the General Assembly in 1998 and headed by an executive director, this board serves as the state's authority for all E-911 matters. Its three primary responsibilities are: implement statewide wireless enhanced or E-911 service in a cost-effective and efficient manner, establish a state plan and ensure for the provision of 911 service to every Tennessean, and provide financial oversight for the state's 101 local 911 districts.

Commissioner Paula A. Flowers

Tennessee Department of Commerce and Insurance

Commissioner Paula A. Flowers, a native of Monterey, Tennessee, was appointed by Governor Phil Bredesen as Commissioner of Commerce and Insurance at the beginning of his term in January, 2003. Prior to her state service, she practiced law in Nashville as a founding partner in the law firm of Farmer & Luna, and before that in the law firm of Waller Lansden Dortch & Davis. She also has worked for Lockheed Martin Energy Systems as an environmental compliance engineer in Oak Ridge, Tennessee. She holds a bachelor's degree in civil engineering from Tennessee Technological University and a master's degree in civil engineering from McNeese State University in Lake Charles, Louisiana. She received her law degree from the University of Tennessee. She is a member of the Nashville Bar Association and the American Bar Association.

